EXCEPTION OPEN MEETING ITEM 9/8/11



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In the matter of:

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and

company;

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BEFORE THE ARIZONA CORPORATION COMMISSION RECEIVED

COMMISSIONERS

GARY PIERCE, Chairman BOB STUMP SANDRA D. KENNEDY PAUL NEWMAN **BRENDA BURNS**

JERE PARKHURST and MICHELLE

C-STREET HOLDINGS, L.L.C., a

PHOENIX FINANCIAL HOLDINGS.

Respondents.

Street Development, L.L.C.;

PARKHURST, husband and wife, doing business as C-Street Financial Group and C-

dissolved Arizona limited liability company;

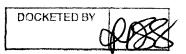
L.L.C., a terminated Arizona limited liability)

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AZ CORP COMMISSION DOCKET CONTROL

Arizona Corporation Commission DOCKETED

AUG 3 1 2011



DOCKET NO. S-20761A-10-0409

SECURITIES DIVISION'S EXCEPTIONS TO RECOMMENDED OPINION AND ORDER

Pursuant to R14-3-110(B) of the Arizona Administrative Code, the Securities Division ("Division") of the Arizona Corporation Commission ("Commission") submits its exceptions to the Administrative Law Judge's August 22, 2011, Recommended Opinion and Order ("Opinion"). The Division recommends specific changes to the Opinion for the reasons set forth below.

ANALYSIS

The Division supports the findings of fact and conclusions of law in the Opinion; however, the Division is submitting the exceptions for purposes of making technical corrections to the proposed Opinion. The Division requests three changes to the Opinion.

The Division makes two of its requests based upon a recent change in the law. Effective July 20, 2011, new language was added to Arizona Revised Statutes § 44-1201, the statute that addresses interest rates. Currently, the Opinion requires that the restitution ordered, "shall bear

interest at the rate of 10 percent per year for the period from the dates of investment to the date of payment of restitution by Respondents." (page 14, lines 13-15). However, effective July 20, 2011, the new statutory language for ordering interest is "the lesser of ten per cent per annum or at a rate per annum that is equal to one per cent plus the prime rate as published by the board of governors of the federal reserve system in statistical release H.15 or any publication that may supersede it on the date that the judgment is entered." Therefore, the Division makes this request to be consistent with the new statutory language regarding interest.

Second, regarding the interest on the penalty, the Division requests that the new statutory language also be inserted to be consistent with the changes to the law effective July 20, 2011 (page 15, line 17). The Division's proposed language is "interest at the rate of the lesser of ten per cent per annum or at a rate per annum that is equal to one per cent plus the prime rate as published by the board of governors of the federal reserve system in statistical release H.15 or any publication that may supersede it on the date that the judgment is entered."

Third, the Opinion contains a restitution ordering paragraph (page 14, line 3) that states restitution shall "not to exceed \$824,260. ..." The Division admitted into evidence Exhibit S-39 which listed the accurate investment amounts for each investor that totals \$824,260. Therefore, the Division requests that the "not to exceed" language be deleted.

CONCLUSION

Based on the foregoing, the Division respectfully requests the following:

Page 14, line 3, DELETE "an amount not to exceed"

Page 14, line 3, after "restitution in," INSERT "the amount of"

Page 14, lines 14-15, DELETE "10 percent per year for the period from the dates of investment to the date of payment of restitution by Respondents."

Page 14, line 14, after "rate of," INSERT "the lesser of ten per cent per annum or at a rate per annum that is equal to one per cent plus the prime rate as published by the board of governors

of the federal reserve system in statistical release H.15 or any publication that may supersede it on the date that the judgment is entered."

Page 15, line 17, DELETE "at the maximum level amount"

Page 15, line 17, after "interest," INSERT "at the rate of the lesser of ten per cent per annum or at a rate per annum that is equal to one per cent plus the prime rate as published by the board of governors of the federal reserve system in statistical release H.15 or any publication that may supersede it on the date that the judgment is entered"

Respectfully submitted this **3** day of August, 2011.

By:

Aikaterine Vervilos

Attorney for the Securities Division of the Arizona Corporation Commission

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2	ORIGINAL and 13 copies of the foregoing filed this 31 th day of August, 2011, with:
3	Docket Control
4	Arizona Corporation Commission 1200 W. Washington St.
5	Phoenix, AZ 85007
6	COPY of the foregoing hand-delivered
7	this 31 th day of August, 2011, to:
8	Administrative Law Judge Marc Stern Arizona Corporation Commission 1200 W. Washington St. Phoenix, AZ 85007
9	
10	COPY of the foregoing mailed and e-mailed this 31 th day of August, 2011, to:
11	
12	Jere Parkhurst
13	P.O. Box 45509 Phoenix, Arizona 85064-5509
14	jlparkhurst@yahoo.com
15	COPY of the foregoing mailed this 31 th day of August, 2011, to:
16	
17	Michelle Parkhurst P.O. Box 45509
18	Phoenix, Arizona 85064-5509
19	C-Street Holdings, L.L.C. P.O. Box 45509
20	Phoenix, Arizona 85064-5509
21	Phoenix Financial Holdings, L.L.C. P.O. Box 45509
22	Phoenix, Arizona 85064-5509
23	
24	Laren Howle
25	

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